



# House of Representatives

General Assembly

**File No. 783**

*January Session, 2011*

Substitute House Bill No. 6388

*House of Representatives, May 11, 2011*

The Committee on Finance, Revenue and Bonding reported through REP. WIDLITZ of the 98th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING CERTAIN POWERS AND DUTIES OF THE OFFICE OF POLICY AND MANAGEMENT, THE GOVERNOR'S HORSE GUARDS, AND DIRECT DEPOSIT OF STATE EMPLOYEE PAYCHECKS, AND REPEALING STATUTES RELATING TO REHABILITATION PROGRAMS UNDER THE WORKERS' COMPENSATION ACT.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 7-127d of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2011*):

4 (a) There is established a neighborhood youth center grant program  
5 [which] that shall be administered by the [Office of Policy and  
6 Management, except that operation of the program shall be suspended  
7 for the fiscal years ending June 30, 2004, and June 30, 2005] state  
8 Department of Education.

9 Sec. 2. Section 7-127e of the general statutes is repealed and the

10 following is substituted in lieu thereof (*Effective July 1, 2011*):

11 (a) The [Office of Policy and Management] state Department of  
12 Education shall solicit competitive proposals under this program for  
13 the fiscal [years beginning July 1, 1996, and July 1, 1999] year  
14 beginning July 1, 2011, and every two years thereafter. [, except that no  
15 competitive proposals shall be solicited for the fiscal years ending June  
16 30, 2004, and June 30, 2005.] The [Office of Policy and Management]  
17 state Department of Education shall notify the eligible agencies of the  
18 amount of funds provided for each city in accordance with section 7-  
19 127d, as amended by this act. Eligible agencies may file a grant  
20 application with the [Office of Policy and Management] state  
21 Department of Education on such form and at such time as [that office]  
22 the department may require.

23 (b) Grant funds made available for the provisions of sections 7-127d  
24 to 7-127g, inclusive, as amended by this act, shall not be used to  
25 supplant existing services. A minimum of twenty-five per cent of the  
26 total program costs for each neighborhood youth center program shall  
27 be supported with local funds or in-kind contributions which may  
28 include federal, local and private funds which support existing  
29 services.

30 (c) The [Office of Policy and Management] state Department of  
31 Education shall review all grant applications received and make the  
32 decisions concerning which applications shall be funded and at what  
33 funding levels. Criteria for such decisions shall include (1)  
34 documentation of need for the program through crime and poverty  
35 statistics for the neighborhood to be served; (2) responsiveness to  
36 program component requirements; (3) reasonableness of costs; (4)  
37 soundness of program plan; (5) experience of the applicant agency in  
38 providing youth recreational services; and (6) evidence of  
39 collaboration and coordination with other children's services providers  
40 in the neighborhood. The [Office of Policy and Management] state  
41 Department of Education shall convene and chair an advisory  
42 committee to assist in grant application review. Such committee shall

43 include representatives of the [Office of Policy and Management] state  
44 Department of Education, the Judicial Department, and the  
45 Departments of Children and Families, [Education,] Public Health and  
46 Social Services.

47 (d) In order to be eligible to receive funds from the [Office of Policy  
48 and Management] state Department of Education for the Leadership,  
49 Education, Athletics in Partnership (LEAP) program, or the  
50 neighborhood youth centers program, an applicant must provide a  
51 match of at least fifty per cent of the grant amount. The cash portion of  
52 such match shall be at least twenty-five per cent of the grant amount.

53 Sec. 3. Section 12-63 of the general statutes is repealed and the  
54 following is substituted in lieu thereof (*Effective July 1, 2011*):

55 (a) The present true and actual value of land classified as farm land  
56 pursuant to section 12-107c, as forest land pursuant to section 12-107d,  
57 as open space land pursuant to section 12-107e, or as maritime heritage  
58 land pursuant to section 12-107g shall be based upon its current use  
59 without regard to neighborhood land use of a more intensive nature,  
60 provided in no event shall the present true and actual value of open  
61 space land be less than it would be if such open space land comprised  
62 a part of a tract or tracts of land classified as farm land pursuant to  
63 section 12-107c. The present true and actual value of all other property  
64 shall be deemed by all assessors and boards of assessment appeals to  
65 be the fair market value thereof and not its value at a forced or auction  
66 sale.

67 (b) (1) For the purposes of this subsection, (A) "electronic data  
68 processing equipment" means computers, printers, peripheral  
69 computer equipment, bundled software and any computer-based  
70 equipment acting as a computer, as defined in Section 168 of the  
71 Internal Revenue Code of 1986, or any subsequent corresponding  
72 internal revenue code of the United States, as from time to time  
73 amended; (B) "leased personal property" means tangible personal  
74 property which is the subject of a written or oral lease or loan on the  
75 assessment date, or any such property which has been so leased or

76 loaned by the then current owner of such property for three or more of  
77 the twelve months preceding such assessment date; and (C) "original  
78 selling price" means the price at which tangible personal property is  
79 most frequently sold in the year that it was manufactured.

80 (2) Any municipality may, by ordinance, adopt the provisions of  
81 this subsection to be applicable for the assessment year commencing  
82 October first of the assessment year in which a revaluation of all real  
83 property required pursuant to section 12-62 is performed in such  
84 municipality, and for each assessment year thereafter. If so adopted,  
85 the present true and actual value of tangible personal property, other  
86 than motor vehicles, shall be determined in accordance with the  
87 provisions of this subsection. If such property is purchased, its true  
88 and actual value shall be established in relation to the cost of its  
89 acquisition, including transportation and installation, and shall reflect  
90 depreciation in accordance with the schedules set forth in subdivisions  
91 (3) to (6), inclusive, of this subsection. If such property is developed  
92 and produced by the owner of such property for a purpose other than  
93 wholesale or retail sale or lease, its true and actual value shall be  
94 established in relation to its cost of development, production and  
95 installation and shall reflect depreciation in accordance with the  
96 schedules provided in subdivisions (3) to (6), inclusive, of this  
97 subsection. The provisions of this subsection shall not apply to  
98 property owned by a public service company, as defined in section 16-  
99 1.

100 (3) The following schedule of depreciation shall be applicable with  
101 respect to electronic data processing equipment:

102 (A) Group I: Computer and peripheral hardware, including, but not  
103 limited to, personal computers, workstations, terminals, storage  
104 devices, printers, scanners, computer peripherals and networking  
105 equipment:

T1	Depreciated Value
T2	As Percentage

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T3	Assessment Year	Of Acquisition
T4	Following Acquisition	Cost Basis
T5	First year	Seventy per cent
T6	Second year	Forty per cent
T7	Third year	Twenty per cent
T8	Fourth year and thereafter	Ten per cent

106 (B) Group II: Other hardware, including, but not limited to, mini-  
 107 frame and main-frame systems with an acquisition cost of more than  
 108 twenty-five thousand dollars:

T9		Depreciated Value
T10		As Percentage
T11	Assessment Year	Of Acquisition
T12	Following Acquisition	Cost Basis
T13	First year	Ninety per cent
T14	Second year	Sixty per cent
T15	Third year	Forty per cent
T16	Fourth year	Twenty per cent
T17	Fifth year and thereafter	Ten per cent

109 (4) The following schedule of depreciation shall be applicable with  
 110 respect to copiers, facsimile machines, medical testing equipment, and  
 111 any similar type of equipment that is not specifically defined as  
 112 electronic data processing equipment, but is considered by the assessor  
 113 to be technologically advanced:

T18		Depreciated Value
T19		As Percentage
T20	Assessment Year	Of Acquisition
T21	Following Acquisition	Cost Basis
T22	First year	Ninety-five per cent
T23	Second year	Eighty per cent

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T24	Third year	Sixty per cent
T25	Fourth year	Forty per cent
T26	Fifth year and thereafter	Twenty per cent

114 (5) The following schedule of depreciation shall be applicable with  
 115 respect to machinery and equipment used in the manufacturing  
 116 process:

T27		Depreciated Value
T28		As Percentage
T29	Assessment Year	Of Acquisition
T30	Following Acquisition	Cost Basis
T31	First year	Ninety per cent
T32	Second year	Eighty per cent
T33	Third year	Seventy per cent
T34	Fourth year	Sixty per cent
T35	Fifth year	Fifty per cent
T36	Sixth year	Forty per cent
T37	Seventh year	Thirty per cent
T38	Eighth year and thereafter	Twenty per cent

117 (6) The following schedule of depreciation shall be applicable with  
 118 respect to all tangible personal property other than that described in  
 119 subdivisions (3) to (5), inclusive, of this subsection:

T39		Depreciated Value
T40		As Percentage
T41	Assessment Year	Of Acquisition
T42	Following Acquisition	Cost Basis
T43	First year	Ninety-five per cent
T44	Second year	Ninety per cent
T45	Third year	Eighty per cent
T46	Fourth year	Seventy per cent
T47	Fifth year	Sixty per cent

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T48	Sixth year	Fifty per cent
T49	Seventh year	Forty per cent
T50	Eighth year and thereafter	Thirty per cent

120 (7) The present true and actual value of leased personal property  
121 shall be determined in accordance with the provisions of this  
122 subdivision. Such value for any assessment year shall be established in  
123 relation to the original selling price for self-manufactured property or  
124 acquisition cost for acquired property and shall reflect depreciation in  
125 accordance with the schedules provided in subdivisions (3) to (6),  
126 inclusive, of this subsection. If the assessor is unable to determine the  
127 original selling price of leased personal property, the present true and  
128 actual value thereof shall be its current selling price.

129 (8) With respect to any personal property which is prohibited by  
130 law from being sold, the present true and actual value of such property  
131 shall be established with respect to such property's original  
132 manufactured cost increased by a ratio the numerator of which is the  
133 total proceeds from the manufacturer's salable equipment sold and the  
134 denominator of which is the total cost of the manufacturer's salable  
135 equipment sold. Such value shall then be depreciated in accordance  
136 with the appropriate schedule in this subsection.

137 (9) The schedules of depreciation set forth in subdivisions (3) to (6),  
138 inclusive, of this subsection shall not be used with respect to  
139 videotapes, horses or other taxable livestock or electric cogenerating  
140 equipment.

141 (10) If the assessor determines that the value of any item of personal  
142 property produced by the application of the schedules set forth in this  
143 subsection does not accurately reflect the present true and actual value  
144 of such item, the assessor shall adjust such value to reflect the present  
145 true and actual value of such item.

146 (11) Nothing in this subsection shall prevent any taxpayer from  
147 appealing any assessment made pursuant to this subsection if such

148 assessment does not accurately reflect the present true and actual  
149 value of any item of such taxpayer's personal property.

150 [(c) (1) For the assessment years commencing October 1, 2006,  
151 October 1, 2007, October 1, 2008, October 1, 2009, October 1, 2010, and  
152 October 1, 2011, the annual declaration of tangible personal property  
153 that a taxpayer files with the assessor of the town, shall be  
154 accompanied by a supplement to said declaration on which the  
155 taxpayer shall provide the following information for machinery and  
156 equipment eligible for a grant pursuant to section 12-94b or 12-94f: (A)  
157 The assessment year during which such property was acquired and  
158 installed; (B) the original cost of acquisition for such property,  
159 including charges for such property's transportation and installation;  
160 (C) the value of such property depreciated in accordance with the  
161 schedule provided by the assessor; (D) the total of the original cost of  
162 acquisition for all such property; and (E) the total depreciated value of  
163 such property for all such property. The assessor shall provide a  
164 declaration of tangible personal property, together with such  
165 supplement, to the owner of each manufacturing facility, as defined in  
166 subparagraph (A) of subdivision (72) of section 12-81, and to the owner  
167 of each facility engaged in biotechnology, as defined in said  
168 subparagraph.

169 (2) For the assessment years commencing October 1, 2006, October  
170 1, 2007, October 1, 2008, October 1, 2009, October 1, 2010, and October  
171 1, 2011, the assessor of each town shall determine the depreciated  
172 value of machinery and equipment, for the purposes of this section,  
173 section 12-94b and section 12-94f, in accordance with the method said  
174 assessor used to determine the depreciated value of the same or similar  
175 machinery and equipment for the assessment year commencing  
176 October 1, 2005. The supplement to the declaration of tangible personal  
177 property the assessor provides, pursuant to subdivision (1) of this  
178 subsection, for the assessment year commencing October 1, 2006, shall  
179 not reflect an alteration of the depreciation schedule that would result  
180 in an assessment increase for any such property, over the assessment  
181 of such property for the assessment year commencing October 1, 2005,



182 and the supplement to such declaration the assessor provides for the  
183 assessment years commencing October 1, 2007, October 1, 2008,  
184 October 1, 2009, October 1, 2010, and October 1, 2011, shall not reflect  
185 an alteration of the depreciation schedule that would result in an  
186 assessment increase for any such property, over the assessment of such  
187 property for the preceding assessment year.]

188 Sec. 4. Subdivision (72) of section 12-81 of the general statutes is  
189 repealed and the following is substituted in lieu thereof (*Effective July*  
190 *1, 2011*):

191 (72) (A) Effective for assessment years commencing on or after  
192 October 1, 2002, but prior to assessment years commencing on or after  
193 October 1, 2011, new machinery and equipment, as defined in this  
194 subdivision, acquired after October 1, 1990, and prior to October 1,  
195 2011, and newly-acquired machinery and equipment, as defined in this  
196 subdivision, acquired on or after July 1, 1992, and prior to October 1,  
197 2011, by the person claiming exemption under this subdivision,  
198 provided this exemption shall only be applicable in the five full  
199 assessment years following the assessment year in which such  
200 machinery or equipment is acquired, subject to the provisions of  
201 subparagraph (B) of this subdivision. Machinery and equipment  
202 acquired on or after July 1, 1996, and prior to October 1, 2011, and used  
203 in connection with biotechnology shall qualify for the exemption  
204 under this subdivision. Machinery and equipment acquired on or after  
205 July 1, 2006, and used in connection with recycling shall qualify for the  
206 exemption under this subdivision. For the purposes of this  
207 subdivision: (i) "Machinery" and "equipment" means tangible personal  
208 property which is installed in a manufacturing facility and claimed on  
209 the owner's federal income tax return as either five-year property or  
210 seven-year property, as those terms are defined in Section 168(e) of the  
211 Internal Revenue Code of 1986, or any subsequent corresponding  
212 internal revenue code of the United States, as from time to time  
213 amended, and the predominant use of which is for manufacturing,  
214 processing or fabricating; for research and development, including  
215 experimental or laboratory research and development, design or

216 engineering directly related to manufacturing; for the significant  
217 servicing, overhauling or rebuilding of machinery and equipment for  
218 industrial use or the significant overhauling or rebuilding of other  
219 products on a factory basis; for measuring or testing or for metal  
220 finishing; or used in the production of motion pictures, video and  
221 sound recordings. "Machinery" means the basic machine itself,  
222 including all of its component parts and contrivances such as belts,  
223 pulleys, shafts, moving parts, operating structures and all equipment  
224 or devices used or required to control, regulate or operate the  
225 machinery, including, without limitation, computers and data  
226 processing equipment, together with all replacement and repair parts  
227 therefor, whether purchased separately or in conjunction with a  
228 complete machine, and regardless of whether the machine or  
229 component parts thereof are assembled by the taxpayer or another  
230 party. "Equipment" means any device separate from machinery but  
231 essential to a manufacturing, processing or fabricating process. (ii)  
232 "Manufacturing facility" means that portion of a plant, building or  
233 other real property improvement used for manufacturing, processing  
234 or fabricating, for research and development, including experimental  
235 or laboratory research and development, design or engineering  
236 directly related to manufacturing, for the significant servicing,  
237 overhauling or rebuilding of machinery and equipment for industrial  
238 use or the significant overhauling or rebuilding of other products on a  
239 factory basis, for measuring or testing or for metal finishing. (iii)  
240 "Manufacturing" means the activity of converting or conditioning  
241 tangible personal property by changing the form, composition, quality  
242 or character of the property for ultimate sale at retail or use in the  
243 manufacturing of a product to be ultimately sold at retail. Changing  
244 the quality of property shall include any substantial overhaul of the  
245 property that results in a significantly greater service life than such  
246 property would have had in the absence of such overhaul or with  
247 significantly greater functionality within the original service life of the  
248 property, beyond merely restoring the original functionality for the  
249 balance of the original service life. (iv) "Fabricating" means to make,  
250 build, create, produce or assemble components or tangible personal

251 property work in a new or different manner, but does not include the  
252 presorting, sorting, coding, folding, stuffing or delivery of direct or  
253 indirect mail distribution services. (v) "Processing" means the physical  
254 application of the materials and labor in a manufacturing process  
255 necessary to modify or change the characteristics of tangible personal  
256 property. (vi) "Measuring or testing" includes both nondestructive and  
257 destructive measuring or testing, and the alignment and calibration of  
258 machinery, equipment and tools, in the furtherance of the  
259 manufacturing, processing or fabricating of tangible personal property.  
260 (vii) "Biotechnology" means the application of technologies, including  
261 recombinant DNA techniques, biochemistry, molecular and cellular  
262 biology, genetics and genetic engineering, biological cell fusion  
263 techniques, and new bioprocesses, using living organisms, or parts of  
264 organisms, to produce or modify products, to improve plants or  
265 animals, to develop microorganisms for specific uses, to identify  
266 targets for small molecule pharmaceutical development, or to  
267 transform biological systems into useful processes and products. (viii)  
268 "Recycling" means the processing of solid waste to reclaim material, as  
269 defined in section 22a-260;

270 (B) Any person who on October first in any year holds title to  
271 machinery and equipment for which such person desires to claim the  
272 exemption provided in this subdivision shall file with the assessor or  
273 board of assessors in the municipality in which the machinery or  
274 equipment is located, on or before the first day of November in such  
275 year, a list of such machinery or equipment together with written  
276 application claiming such exemption. [on a form prescribed by the  
277 Secretary of the Office of Policy and Management.] Such application  
278 shall include the taxpayer identification number assigned to the  
279 claimant by the Commissioner of Revenue Services and the federal  
280 employer identification number assigned to the claimant by the  
281 Secretary of the Treasury. If title to such equipment is held by a person  
282 other than the person claiming the exemption, the claimant shall  
283 include on such person's application information as to the portion of  
284 the total acquisition cost incurred by such person, and on or before the  
285 first day of November in such year, the person holding title to such

286 machinery and equipment shall file a list of such machinery with the  
287 assessor of the municipality in which the manufacturing facility of the  
288 claimant is located. Such person shall include on the list information as  
289 to the portion of the total acquisition cost incurred by such person.  
290 Commercial or financial information in any application or list filed  
291 under this section shall not be open for public inspection, provided  
292 such information is given in confidence and is not available to the  
293 public from any other source. The provisions of this subdivision  
294 regarding the filing of lists and information shall not supersede the  
295 requirements to file tax lists under sections 12-41, 12-42 and 12-57a. In  
296 substantiation of such claim, the claimant and the person holding title  
297 to machinery and equipment for which exemption is claimed shall  
298 present to the assessor or board of assessors such supporting  
299 documentation as said secretary may require, including, but not  
300 limited to, invoices, bills of sale, contracts for lease and bills of lading  
301 and shall, upon request, present to the secretary or the secretary's  
302 designee a copy of each applicable federal income tax return and  
303 accompanying schedules. In lieu of submitting each applicable federal  
304 income tax return and accompanying schedules, a claimant and person  
305 holding title to machinery and equipment for which an exemption is  
306 claimed may, upon approval of said secretary, submit copies of  
307 applicable schedules accompanied by a sworn affidavit stating that  
308 such schedules were filed as part of such claimant's or person's federal  
309 income tax return. Failure to file such application in this manner and  
310 form within the time limit prescribed shall constitute a waiver of the  
311 right to such exemption for such assessment year, unless an extension  
312 of time is allowed pursuant to section 12-81k. If title to exempt  
313 machinery is conveyed subsequent to October first in any assessment  
314 year, entitlement to such exemption shall terminate for the next  
315 assessment year and there shall be no pro rata application of the  
316 exemption unless such machinery or equipment continues to be leased  
317 by the manufacturer who claimed and was approved for the  
318 exemption in the previous assessment year. Machinery or equipment  
319 shall not be eligible for exemption upon transfer from a seller to a  
320 related business or from a lessor to a lessee except to the extent it

321 would have been eligible for exemption by the seller or the lessor, as  
322 the case may be. For the purposes of this subdivision, "related  
323 business" means: (i) A corporation, limited liability company,  
324 partnership, association or trust controlled by the taxpayer; (ii) an  
325 individual, corporation, limited liability company, partnership,  
326 association or trust that is in control of the taxpayer; (iii) a corporation,  
327 limited liability company, partnership, association or trust controlled  
328 by an individual, corporation, limited liability company, partnership,  
329 association or trust that is in control of the taxpayer; or (iv) a member  
330 of the same controlled group as the taxpayer. For purposes of this  
331 subdivision, "control", with respect to a corporation, means ownership,  
332 directly or indirectly, of stock possessing fifty per cent or more of the  
333 total combined voting power of all classes of the stock of such  
334 corporation entitled to vote. "Control", with respect to a trust, means  
335 ownership, directly or indirectly, of fifty per cent or more of the  
336 beneficial interest in the principal or income of such trust. The  
337 ownership of stock in a corporation, of a capital or profits interest in a  
338 partnership or association or of a beneficial interest in a trust shall be  
339 determined in accordance with the rules for constructive ownership of  
340 stock provided in Section 267(c) of the Internal Revenue Code of 1986,  
341 or any subsequent corresponding internal revenue code of the United  
342 States, as from time to time amended, other than paragraph (3) of said  
343 Section 267(c);

344 (C) Any person claiming the exemption provided under this  
345 subdivision for machinery or equipment shall not be eligible to claim  
346 the exemption provided under subdivision (60) of this section or  
347 subdivision (70) of this section for the same machinery or equipment.  
348 The state and the municipality and district shall hold a security  
349 interest, as defined in subdivision (35) of subsection (b) of section 42a-  
350 1-201, in any machinery or equipment which is exempt from taxation  
351 pursuant to this subdivision, in an amount equal to the tax revenue  
352 reimbursed or lost, as the case may be, which shall be subordinate to  
353 any purchase money security interest, as defined in section 42a-9-103a.  
354 Such security interest shall be enforceable against the claimant for a  
355 period of five years after the last assessment year in which such

356 exemption was received in any case in which such person ceases all  
357 manufacturing or biotechnology operations or moves such  
358 manufacturing or biotechnology operations entirely out of this state.  
359 Any assessor who has granted an exemption under this subdivision  
360 shall provide written notification to the secretary of the cessation of  
361 such operations or the move of such operations entirely out of this  
362 state. Such notification may be made at any time after the October first  
363 of the last assessment year in which such exemption is granted and  
364 before the September thirtieth that is five years after the conclusion of  
365 said assessment year. Upon receiving such notification and complying  
366 with the provisions of section 12-35a, the state shall have a lien upon  
367 the machinery or equipment situated in this state and owned by the  
368 person that ceased all business operations or moved such operations  
369 entirely out of this state. Notwithstanding the provisions of section 12-  
370 35a, the total amount of the reimbursement made by the state for the  
371 property tax exemptions granted to the person under the provisions of  
372 this subdivision, shall be deemed to be the amount of the tax which  
373 such person failed to pay. Notwithstanding said section 12-35a, the  
374 information required to be included in the notice of lien for such tax  
375 shall be as follows: (i) The owner of the property upon which the lien  
376 is claimed, (ii) the business address or residence address of such  
377 owner, (iii) the specific property claimed to be subject to such lien, (iv)  
378 the location of such property at the time it was last made tax-exempt  
379 pursuant to this subdivision, (v) the total amount of the  
380 reimbursement made by the state for the property tax exemptions  
381 granted to such owner under the provisions of this subdivision, and  
382 (vi) the tax period or periods for which such lien is claimed. If more  
383 than one agency of the state perfects such a notice of lien on the same  
384 day, the priority of such liens shall be determined by the time of day  
385 such liens were perfected, and if perfected at the same time, the lien for  
386 the highest amount shall have priority. In addition to the other  
387 remedies provided in this subdivision, the Attorney General, upon  
388 request of the secretary, may bring a civil action in a court of  
389 competent jurisdiction to recover the amount of tax revenue  
390 reimbursed by the state from any person who received an exemption

391 under this subdivision. The following shall not be eligible for the  
392 exemption provided under this subdivision: (I) A public service  
393 company, as defined in section 16-1; and (II) any provider, directly or  
394 indirectly, of electricity, oil, water or gas;

395 (D) A claim for property tax exemption under this subdivision may  
396 be denied by the assessor or board of assessors of a town, consolidated  
397 town and city or consolidated town and borough, with the consent of  
398 the chief executive officer thereof, if the claimant is delinquent in a  
399 property tax payment to such town, consolidated town and city or  
400 consolidated town and borough, pursuant to section 12-146, for  
401 property owned by such claimant. Before any such claim is denied, the  
402 assessor or board of assessors shall send written notice to the claimant,  
403 stating that the claimant may pay the amount of such delinquent tax or  
404 enter into an agreement with such town, consolidated town and city or  
405 consolidated town and borough for the payment thereof, by the date  
406 set forth in such notice, provided, such date shall not be less than thirty  
407 days after the date of such notice. Failure on the part of the claimant to  
408 pay the amount of the delinquent tax or enter into an agreement to pay  
409 the amount thereof by said date shall result in a disallowance of the  
410 exemption being claimed;

411 [(E) The secretary, in the secretary's discretion, may deny any claim  
412 for exemption under the provisions of this subdivision for new  
413 machinery and equipment by a claimant who is delinquent in the  
414 payment of corporation business tax imposed under chapter 208, as  
415 reported on the list provided by the Commissioner of Revenue  
416 Services pursuant to subsection (b) of section 12-7a and who qualified  
417 for exemption under this subdivision in the preceding year. On or  
418 before September first annually, commencing September 1, 1998, the  
419 secretary shall send a written notice to any claimant identified on said  
420 list and to the assessor of the town in which the property is subject to  
421 taxation, stating that the property tax exemption allowed by this  
422 subdivision for the assessment date following the date on which such  
423 notice is sent, shall be denied by the assessor of the town in which the  
424 property of the taxpayer is subject to taxation unless the taxpayer

425 provides written documentation from the Department of Revenue  
426 Services that the delinquency has been cleared. Such written  
427 documentation shall substantiate that the delinquency was cleared on  
428 or before the statutory date for the filing of an application for  
429 exemption under this subdivision, provided, if a taxpayer receives an  
430 extension of the filing date pursuant to section 12-81k, the date by  
431 which the taxpayer shall be required to clear such tax delinquency  
432 shall be extended for a like period of time. No assessor shall approve  
433 an application for the exemption under this subdivision that is not  
434 accompanied by the written documentation required from a claimant  
435 who was sent a notification by the Secretary of the Office of Policy and  
436 Management;]

437 Sec. 5. Section 27-7 of the general statutes is repealed and the  
438 following is substituted in lieu thereof (*Effective July 1, 2011*):

439 The first [and second companies] company of the Governor's Horse  
440 [Guards] Guard may [each] consist of one major, one captain, two first  
441 lieutenants, two second lieutenants, one cornet with the rank of second  
442 lieutenant, one master sergeant, one first sergeant, two staff sergeants,  
443 twelve sergeants, twelve corporals, thirty-two privates first class and  
444 sixty-four privates.

445 Sec. 6. Section 27-15 of the general statutes is repealed and the  
446 following is substituted in lieu thereof (*Effective July 1, 2011*):

447 The Governor shall appoint the military staff that shall consist of the  
448 Adjutant General, who shall be chief of staff with the rank of lieutenant  
449 general; the assistant adjutant generals, one of whom shall serve as  
450 deputy chief of staff as provided under subsection (c) of section 27-24;  
451 the chief of staff for the Connecticut Air National Guard; an air aide-  
452 de-camp with the rank of colonel, who shall be the senior aviation  
453 officer of the Connecticut National Guard; a Surgeon General, who  
454 shall be the senior medical officer of the National Guard; one aide-de-  
455 camp with the rank of colonel from the United States Air Force  
456 Reserve; one aide-de-camp with the rank of captain from the United  
457 States Naval Reserve; one aide-de-camp with the rank of colonel from



458 the United States Marine Corps Reserve; one aide-de-camp with the  
459 rank of colonel from the United States Army Reserve; one aide-de-  
460 camp with the rank of lieutenant commander from the United States  
461 Coast Guard Reserve; five aides-de-camp, two with the rank of colonel,  
462 two with the rank of lieutenant colonel and one with the rank of major,  
463 all of whom shall be from the National Guard; and two enlisted aides-  
464 de-camp with the rank of sergeant major from the National Guard.  
465 Members appointed from the armed forces of the state shall retain  
466 their federal or state grades and shall remain subject to duty therein  
467 and, if appointed to such staff in a rank lower than the highest grade  
468 attained in federal or state service, shall serve on the staff in their  
469 highest recognized grade. Any requirement of this section that any  
470 member of the Governor's military staff shall be a member of, or hold  
471 any rank in, the National Guard shall be inapplicable whenever the  
472 National Guard is in active service with the Army, Navy or Air Force  
473 of the United States and at such time the military staff of the Governor  
474 may be appointed by the Governor from the organized or unorganized  
475 militia, ex-members of the United States Army or Navy or the  
476 Connecticut National Guard, or from civil life; and in addition to the  
477 active military staff the Governor may, at said Governor's discretion,  
478 appoint honorary staff members from the former National Guard or  
479 naval militia then on active military duty. The Governor, at any other  
480 time, may appoint honorary staff members to the Connecticut National  
481 Guard without regard to affiliation who shall serve without the pay,  
482 honors, privileges and benefits afforded the active staff members,  
483 including, but not limited to, allowances and tuition waivers. The  
484 majors commandant of the first and second companies Governor's  
485 Foot Guards and the Governor's Horse [Guards] Guard shall be ex-  
486 officio members of the Governor's military staff. The Governor shall  
487 also appoint the immediate predecessors of such majors commandant  
488 to serve as additional ex-officio members. In addition to the above-  
489 named officers, the Governor shall appoint three additional staff  
490 members, one of whom shall be a colonel or of equivalent naval rank  
491 and two of whom shall be majors or of equivalent naval rank.

492 Sec. 7. Subsection (a) of section 31-71b of the general statutes is

493 repealed and the following is substituted in lieu thereof (*Effective July*  
494 *1, 2011*):

495 (a) [Each] (1) Except as provided in subdivision (2) of this  
496 subsection, each employer, [by himself, his] or the agent or  
497 representative of an employer, shall pay weekly all moneys due each  
498 employee on a regular pay day, designated in advance by the  
499 employer, in cash, by negotiable checks or, upon an employee's written  
500 request, by credit to such employee's account in any bank [which] that  
501 has agreed with the employer to accept such wage deposits.

502 (2) The Comptroller shall pay all wages due each state employee, as  
503 defined in section 5-196, by credit to such employee's account in any  
504 bank that has agreed with the Comptroller to accept such wage  
505 deposits.

506 Sec. 8. Subsection (c) of section 32-601 of the general statutes is  
507 repealed and the following is substituted in lieu thereof (*Effective*  
508 *July 1, 2011*):

509 (c) (1) The board of directors shall annually elect one of its members  
510 as vice-chairperson and shall elect other of its members as officers,  
511 adopt a budget and bylaws, designate an executive committee, report  
512 semiannually to the appointing authorities with respect to operations,  
513 finances and achievement of its economic development objectives, be  
514 accountable to and cooperate with the state whenever, pursuant to the  
515 provisions of sections 32-600 to 32-611, inclusive, as amended by this  
516 act, the state may audit the authority or any project of the authority, as  
517 defined in section 32-600, or at any other time as the state may inquire  
518 as to either, including allowing the state reasonable access to any such  
519 project and to the records of the authority and exercise the powers set  
520 forth in section 32-602, as amended by this act.

521 (2) The authority shall have an executive director [, who shall be a  
522 member of the staff of the Office of Policy and Management and shall  
523 act as project comptroller pursuant to subparagraph (A) of subdivision  
524 (1) of section 32-655a. The executive director] who shall be appointed

525 by the board of directors and shall be the chief administrative officer of  
526 the authority. The executive director shall not be a member of the  
527 board of directors and shall be exempt from classified service.

528 (3) Members of the board of directors shall receive no compensation  
529 for the performance of their duties hereunder but shall be reimbursed  
530 for all expenses reasonably incurred in the performance thereof.

531 Sec. 9. Subsection (e) of section 32-602 of the general statutes is  
532 repealed and the following is substituted in lieu thereof (*Effective July*  
533 *1, 2011*):

534 (e) The authority and the Secretary of the Office of Policy and  
535 Management may enter into a memorandum of understanding  
536 pursuant to which: (1) All administrative support and services,  
537 including all staff support, necessary for the operations of the  
538 authority are provided by the Office of Policy and Management, [on  
539 and after July 1, 2010, and provision is made for continuity of credited  
540 service in the state employee retirement system for any employees of  
541 the authority hired by the Office of Policy and Management,] (2) the  
542 Office of Policy and Management is authorized to administer contracts  
543 and accounts of the authority, and (3) provision is made for the  
544 coordination of management and operational activities at the  
545 convention center facilities and the stadium facility, that may include:  
546 (A) Provision for joint procurement and contracting, (B) the sharing of  
547 services and resources, (C) the coordination of promotional and  
548 booking activities, and (D) other arrangements designed to enhance  
549 facility utilization and revenues, reduce operating costs or achieve  
550 operating efficiencies. The terms and conditions of such memorandum  
551 of understanding, including provisions with respect to the  
552 reimbursement by the authority to the Office of Policy and  
553 Management of the costs of such administrative support and services,  
554 shall be as the authority and the Secretary of the Office of Policy and  
555 Management determine to be appropriate.

556 Sec. 10. (NEW) (*Effective July 1, 2011*) The Office of Policy and  
557 Management shall (1) develop and implement an integrated set of

558 policies governing the use of information and telecommunications  
 559 systems for state agencies, and (2) develop a series of comprehensive  
 560 standards and planning guidelines pertaining to the development,  
 561 acquisition, implementation, oversight and management of  
 562 information and telecommunication systems for state agencies.

563 Sec. 11. Sections 12-94b, 12-94c, 12-94f and 12-94g of the general  
 564 statutes are repealed. (*Effective July 1, 2011, and applicable to assessment*  
 565 *years commencing on or after October 1, 2011*)

566 Sec. 12. Sections 13b-39h, 15-155, 15-155d, 15-155e, 31-283a and 32-9s  
 567 of the general statutes are repealed. (*Effective July 1, 2011*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2011</i>	7-127d(a)
Sec. 2	<i>July 1, 2011</i>	7-127e
Sec. 3	<i>July 1, 2011</i>	12-63
Sec. 4	<i>July 1, 2011</i>	12-81(72)
Sec. 5	<i>July 1, 2011</i>	27-7
Sec. 6	<i>July 1, 2011</i>	27-15
Sec. 7	<i>July 1, 2011</i>	31-71b(a)
Sec. 8	<i>July 1, 2011</i>	32-601(c)
Sec. 9	<i>July 1, 2011</i>	32-602(e)
Sec. 10	<i>July 1, 2011</i>	New section
Sec. 11	<i>July 1, 2011, and applicable to assessment years commencing on or after October 1, 2011</i>	Repealer section
Sec. 12	<i>July 1, 2011</i>	Repealer section

**FIN** Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

### **OFA Fiscal Note**

#### **State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 12 \$</b>	<b>FY 13 \$</b>
Comptroller; Policy & Mgmt., Off.; Education, Dept.; Military Dept.	GF - Implements the Budget	See Below	See Below
Workers' Compensation Com.	WCF - See Below	See Below	See Below

Note: GF=General Fund; WCF=Workers' Compensation Fund

#### **Municipal Impact:**

<b>Municipalities</b>	<b>Effect</b>	<b>FY 12 \$</b>	<b>FY 13 \$</b>
Various Municipalities	Revenue Loss	\$49.79 million	\$49.79 million

### **Explanation**

**Sections 1 and 2** transfer the Neighborhood Youth Centers grant program and the Leadership, Education and Athletic Partnership (LEAP) from the Office of Policy and Management to the State Department of Education (SDE). PA 11-6 (the biennial budget) transfers \$2,337,000 in both FY 12 and FY 13 related to the Leadership, Education, and Athletic Partnership (LEAP) grant and the Neighborhood Youth Centers (NYC) grant. Additionally, the budget reduces LEAP by \$85,000 and NYC by \$148,700 (a 10% reduction).

**Sections 3-4, 11-12** eliminate the payment in lieu of taxes to municipalities for: 1) manufacturing machinery and equipment; and 2) commercial motor vehicles. PA 11-6 (the biennial budget), eliminates \$47.89 million for these payments in FY 12 and FY 13 to implement these provisions. It should be noted that the budget provides Manufacturing Transition Grants of \$48.19 million in FY 12 and FY 13 based on FY 11 actual payments for the payment in lieu of taxes for manufacturing machinery and equipment and commercial motor

vehicles with modifications for the town of Groton and its lesser taxing districts.

**Sections 5-6** combine the Governor's 1<sup>st</sup> and 2<sup>nd</sup> Horse Guards into one Horse Guard. It should be noted that PA 11-6 (the biennial budget) contains funds in FY 12 and FY 13 sufficient for two Horse Guards.

**Section 7** requires state employee wages to be paid by direct deposit rather than paper check. An estimated \$18,575 in annual savings is anticipated to result from the implementation of 100% direct deposit participation of state employees. Use of direct deposit is currently voluntary. Requiring direct deposit of wages is considered a change in working conditions and would require collective bargaining agreement. PA 11-6 (the biennial budget) includes reduced funding of \$18,500 in FY 12 and \$86,000 in FY 13 to reflect savings anticipated to result from implementation of mandatory direct deposit.

**Sections 8-9** transfer the Executive Director of the Capital City Economic Development Authority (CCEDA), with an annual salary of \$143,550, from the Office of Policy and Management's payroll, to CCEDA. PA 11-6 (the biennial budget), contains \$6.3 million in FY 12 and FY 13 for CCEDA, it is anticipated that these resources will be sufficient to handle this transfer.

**Section 10** makes the Office of Policy and Management (OPM) responsible for the planning functions for the state's information and telecommunications systems. PA 11-6, (the biennial budget) transfers three positions and associated funding of \$300,412 in FY 12 and \$289,437 in FY 13 from the Department of Information Technology to OPM to implement these provisions.

**Section 12** repeals CGS 31-283a which requires the Workers' Compensation Commission to provide rehabilitative services to injured employees who are prevented from returning to work and permits the Chairman to enter into contracts and secure funding in order to do so. This section conflicts with PA 11-6 which maintains the

rehabilitative services program, however transfers it to the Bureau of Rehabilitative Services.

Additionally, **Section 12** eliminates the Boating Account<sup>1</sup> and redirects \$5.6 million in annual watercraft registration and numbering fee revenue to the General Fund beginning in FY 12. This results in a \$5.6 million annual revenue loss to the Boating Account, and a \$5.6 million annual revenue gain to the General Fund.

The bill also shifts the administrative costs associated with administering boating laws from the Boating Account to the General Fund. Currently, the Department of Environmental Protection expends approximately \$2.65 million annually for this purpose, and the Department of Motor Vehicles expends approximately \$500,000 annually.

Lastly, the bill eliminates the current statutory provision specifying how Boating Account revenue is distributed among towns. This results in a cumulative revenue loss to municipalities in the amount of \$1,934,892 from payments-in-lieu of tax (PILOT) payments commencing in FY 12.

Thus, this bill results in; 1) a net revenue loss to the Boating Account of \$515,000 in both FY 12 and FY 13, 2) a cumulative revenue loss of \$1.9 million to various municipalities, and 3) a General Fund revenue gain of \$2,450,000 in both FY 12 and FY 13.

Please note that PA 11-6 (the biennial budget) also includes these identical provisions.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

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<sup>1</sup> The Boating Account is a separate, nonlapsing account of the General Fund.

**OLR Bill Analysis****sHB 6388*****AN ACT CONCERNING CERTAIN POWERS AND DUTIES OF THE OFFICE OF POLICY AND MANAGEMENT, THE GOVERNOR'S HORSE GUARDS, AND DIRECT DEPOSIT OF STATE EMPLOYEE PAYCHECKS, AND REPEALING STATUTES RELATING TO REHABILITATION PROGRAMS UNDER THE WORKERS' COMPENSATION ACT.*****SUMMARY:**

This bill eliminates state payments in lieu of taxes (PILOTs) to municipalities for the revenue they forgo from property tax exemptions for commercial trucks and eligible manufacturing, biotechnology, and recycling machinery and equipment (MME).

The bill retains the property tax exemption for commercial trucks and for certain MME based on when it was acquired. It continues to permanently exempt new and newly acquired MME assessed on or after October 1, 2011 but (1) eliminates the exemption for MME purchased or acquired on or before October 1, 2006 and (2) limits the exemption for MME purchased or acquired between October 2, 2006 and October 1, 2010 to five assessment years. Under current law, all MME is exempt from local property taxes, regardless of when it was purchased or acquired.

The bill eliminates the 50% state reimbursement for real and personal property tax exemptions in targeted investment communities, enterprise zones, and the Bradley Airport Development Zone (BADZ).

The bill also:

1. transfers the administration of the neighborhood youth center grant program from the Office of Policy and Management (OPM) to the State Department of Education (SDE);



2. reduces, from two to one, the number of companies of the governor's horse guards (§§ 5-6);
3. requires the comptroller to pay all state employee wages by direct deposit to participating banks (§7);
4. eliminates the requirement that the executive director of the Capital City Economic Development Authority (CCEDA) be an OPM staff member;
5. requires OPM to develop and implement policies and standards for information and telecommunications systems for state agencies;
6. eliminates the boating account and related provisions;
7. eliminates an obsolete provision that requires revenue from aircraft registration fees to be distributed to towns to reimburse them for lost revenue from the property tax exemption for aircraft (§ 12); and
8. eliminates the Workers' Compensation Commission's rehabilitation services program and the labor commissioner's authorization to enter into contracts and provide matching grants for this program.

EFFECTIVE DATE: July 1, 2011, except that the repeal of the following provisions is applicable to assessment years starting on or after October 1, 2011: (1) commercial truck and MME PILOT, (2) property tax exemption and PILOT for older MME, (3) five-year MME depreciation schedule, and (4) state grant payment to replace the MME PILOT beginning in FY 14.

#### **MME PROPERTY TAX EXEMPTION (§§ 3-4, 12)**

Current law exempts from local property taxes (1) MME purchased or acquired on or before October 1, 2006, (2) MME purchased or acquired between October 2, 2006 and October 1, 2010, and (3) new or newly acquired MME.

The bill (1) eliminates the exemption for MME purchased or acquired on or before October 1, 2006 and (2) limits the exemption for MME purchased or acquired between October 2, 2006 and October 1, 2010 to the five full assessment years following the assessment year in which it was purchased or acquired. Thus, the bill makes such MME subject to local property taxes as of the October 1, 2011 assessment year. By law, unchanged by the bill, any new or newly acquired MME assessed on or after October 1, 2011 is permanently exempt.

#### **PILOTS FOR TRUCK & MME PROPERTY TAX EXEMPTIONS (§§ 3-4, 11-12)**

Current law exempts from property taxes (1) eligible MME and (2) certain commercial trucks and other vehicles used to transport freight for hire, and requires the state to reimburse municipalities for the revenue loss (i.e., PILOTs).

The bill eliminates the PILOTs for MME and commercial trucks for assessment years that begin on or after October 1, 2011 and related provisions that:

1. provide a five-year MME depreciation schedule to determine the tax revenue loss to the town and the PILOT amount;
2. require a state grant payment to replace the MME PILOT beginning in FY 14;
3. require MME owners applying for a five-year exemption to do so on a form prescribed by OPM; and
4. allow the OPM secretary to deny an exemption claim if the owner of new MME is delinquent on his or her corporation tax, after providing notice to the affected taxpayer.

The bill also eliminates the requirements that, for the 2006 through 2011 assessment years, (1) MME owners file a supplement to their personal property declaration that includes data on the date of acquisition, acquisition costs, and depreciated value of MME and (2) town assessors determine the depreciated value of such MME using

the method they had used for the 2005 assessment year.

### **STATE REIMBURSEMENT FOR ENTERPRISE ZONE INCENTIVES (§ 12)**

The law requires the state to reimburse municipalities for mandated property tax exemptions for the following real and personal property located in the BADZ, the 17 enterprise zones, or other parts of the municipalities with the zones: (1) manufacturing and service facilities, (2) MME in manufacturing or service facilities, and (3) MME acquired as part of a technological upgrading of a manufacturing process in these designated areas. By law, these exemptions apply in the BADZ for assessment years beginning on or after October 1, 2012.

Under current law, the state makes an annual grant payment to towns to reimburse them for half of the revenue loss due to these exemptions. The bill eliminates the state reimbursement for the real and personal property tax exemptions, but retains the exemptions.

### **NEIGHBORHOOD YOUTH CENTER GRANT (§§ 1-2)**

The bill requires SDE rather than OPM to administer the neighborhood youth center grant program, solicit competitive proposals for the grants, and convene a working group to help review grant applications.

The neighborhood youth center grant provides grants to support neighborhood centers for youths between ages 12 and 17 in Bridgeport, Hartford, New Britain, New Haven, Norwalk, Stamford, and Waterbury.

### **CCEDA EXECUTIVE DIRECTOR AND STAFF SUPPORT (§§ 8-9)**

The bill eliminates the requirement that the executive director of the CCEDA be an OPM staff member and that he or she act as the comptroller of the authority's projects. It requires the CCEDA board to appoint an executive director and exempts the person from the state's classified service.

By law, CCEDA and OPM can enter into a memorandum of

understanding under which OPM provides staff support for the authority. The bill eliminates a requirement that the agreement provide for continuity of credited service of CCEDA employees hired by OPM.

### **STATE AGENCY TELECOMMUNICATIONS SYSTEMS (§ 10)**

The bill requires OPM to (1) develop and implement an integrated set of policies governing the use of information and telecommunications systems for state agencies and (2) develop comprehensive standards and planning guidelines on the development, acquisition, implementation, oversight, and management of these systems for state agencies.

### **BOATING ACCOUNT (§ 12)**

The bill eliminates the requirement that boat registration and numbering fees go to a separate boating account to pay for (1) Department of Environmental Protection (DEP) and Department of Motor Vehicles expenses incurred in administering the boating laws, (2) reimbursing towns for lost property tax revenue on watercraft, and (3) state and local enforcement of boating safety and pollution laws and certain other local watercraft-related expenses.

To conform to the elimination of the boating account, the bill also eliminates the (1) annual DEP reporting requirement for the account and (2) provision specifying how account revenue is distributed among towns.

### **WORKERS COMPENSATION COMMISSION'S REHABILITATION SERVICES PROGRAM (§ 12)**

The bill eliminates the law (1) requiring the Workers' Compensation Commission to provide rehabilitation services to eligible employees whose injuries prevent them from working and (2) authorizing the chairman to enter into contracts and provide matching grants for this purpose.

### **BACKGROUND**

#### ***Related Bill and Act***

sHB 6387, reported favorably by the Finance, Revenue and Bonding Committee, and SB 1239, passed by both houses and signed by the Governor on May 4, 2011, contain similar provisions repealing the boating account and the related reporting and revenue distribution requirements.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea    33    Nay   19    (04/21/2011)